

## The complaint

Mrs G complains that Nationwide Building Society was irresponsible in its lending to her. She wants all interest and charges on the loan refunded along with statutory interest. She also wants any adverse information removed from her credit file.

Mrs G is represented by a third party but for ease of reference I have referred to Mrs G throughout this decision.

## What happened

Nationwide provided Mrs G with two loans the details of which are set out below.

Loan	Date	Amount	Term	Monthly repayments
1	October 2018	£12,000	48 months	£256.40
2	December 2019	£18,900.67	60 months	£338.29

Mrs G said that adequate checks weren't carried out before the loans were provided noting that she had other debts outstanding at the time.

Nationwide issued a final response to Mrs G's complaint. It said that at the time of the applications in 2018 and 2019, Mrs G had two Nationwide current accounts: one sole account and one joint account. It noted that while the loan was taken on solely by Mrs G the money was paid into and repaid from her joint account. It said that because of this the affordability information on the application included both account holders. It said that based on its checks the loans were affordable.

Mrs G referred her complaint to this service.

Our investigator thought that Nationwide should have carried out further checks before the loans were provided, noting that Nationwide had access to Mrs G's current account data. However, she found that had further checks happened, these would have shown the loans to be affordable. Therefore, she didn't uphold this complaint.

Mrs G didn't accept our investigator's view. She said that she was advised by a member of Nationwide staff to take out the loan as she was struggling with her small pension. She said that in the lead up to the first loan, her current account was regularly overdrawn or at a very low balance and she had high usage of her credit cards.

Mrs G said that using household income to assess affordability wasn't appropriate and the checks should have been based on her income and expenses. She said that the joint account was with her ex-husband and only he put money into the account. She said that she was solely responsible for the loan, and she only received a small pension into her account.

Mrs G further explained that her ex-husband died in February 2020, and so no further money went in the joint account at which point she couldn't make the loan repayments. She said the loan wasn't affordable and shouldn't have been provided.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman to issue a decision.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Before the loans were provided, Nationwide gathered information about Mrs G's employment and residential status and the purpose of the loan. Mrs G declared that she was retired and an owner occupier. She said the purpose of both loans was debt consolidation. Nationwide had access to Mrs G's account statements and carried out a credit check. Nationwide has noted that Mrs G was receiving a monthly pension of £450 and also that there were transfers into the joint account. Given the size of the loans being provided, and that Mrs G had a small monthly pension compared to the repayments amounts, I think that Nationwide should have carried out further checks to ensure that it had a clear understanding of Mrs G's financial circumstances, including the nature of the transfers into the joint account, before lending.

Because I think that further checks should have taken place, I have considered each lending decision based on what I think would likely have been identified had these checks happened.

#### *Loan 1: October 2018*

Mrs G was provided with a £12,000 loan which required her to make monthly repayments of around £256. The loan was in Mrs G's name only. The account she held in her name showed she was receiving a monthly pension income of around £458. She then had direct debits for payments for costs including insurance, utilities, media/mobile contracts, council tax and self-storage. These totalled around £313. Additionally, Mrs G was paying towards a credit commitment from this account. Based on Mrs G's sole account, the income and outgoings do not support the loan being affordable.

However, the loan proceeds were paid into Mrs G's joint account and the repayments made from this account. Given this, I think it likely that had Mrs G been asked further about her income she would have included the transfers into this account as funds available to her and available for the loan repayments. Nationwide can take into consideration joint income and outgoings in circumstances where the joint party is an associate and so I have considered, based on the joint account statements, whether the loan should have been considered affordable.

The joint account statements show regular monthly transfers into the account from the joint account holder of £1,500. The outgoings from this account included living costs such as food

and fuel but the spending appeared to be predominantly for non-essential items. As noted above, as the proceeds were paid into this account and the repayments made from this account, I find it reasonable that the income and outgoings on this account were used as part of the affordability assessment. Based on this I do not find I can say the loan appeared unaffordable. Therefore, I do not uphold this complaint regarding loan one.

#### *Loan 2: December 2019*

Loan two was for over £18,900 and was used in part to repay loan one. However, £10,000 of additional lending was provided. This was the second loan that Mrs G had taken out for the purpose of debt consolidation, and while her credit card balances had reduced since the previous loan was provided, I think given the amount of credit card debt she had and noting the additional proceeds provided by this loan, that Nationwide should have been aware that Mrs G was increasing her overall borrowing levels.

As with the first loan, an assessment of Mrs G's sole bank account would not support the loan repayments being affordable. Mrs G was now receiving a monthly pension of around £470 and was making similar regular payments to those noted at the time of loan one. However, as the loan was paid into Mrs G's joint account and the repayments made from there, I think it reasonable in this case that an assessment of the income and expenditure from the joint account was used.

In the months leading up to the second loan being provided, there were regular transfers into the joint account of £1,700. While there were payments being made from the account for living costs such as food and transport and some other regular expenses, the account was mainly being used to pay for what appeared to be non-essential spending. The joint account did go into its overdraft but was put back in credit each month by the regular transfers in. Therefore, I do not find I have evidence to say that the account statements showed financial difficulty or that the income and outgoings suggested the loan would be unaffordable.

I am sorry to hear of the passing of Mrs G's ex-husband and acknowledge that this has changed her circumstances. But based on the information available at the time the loans were provided, I do not find I can uphold this complaint.

I've also considered whether Nationwide acted unfairly or unreasonably in some other way given what Mrs G has complained about, including whether its relationship with Mrs G might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Nationwide lent irresponsibly to Mrs G or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

#### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 15 October 2025.

Jane Archer  
**Ombudsman**